



[BILLING CODE: 6750-01S]

## FEDERAL TRADE COMMISSION

[File No. 141 0031]

### National Association of Residential Property Managers, Inc.; Analysis to Aid Public Comment

**AGENCY:** Federal Trade Commission.

**ACTION:** Proposed Consent Agreement.

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**SUMMARY:** The consent agreement in this matter settles alleged violations of federal law prohibiting unfair methods of competition. The attached Analysis to Aid Public Comment describes both the allegations in the draft complaint and the terms of the consent order -- embodied in the consent agreement -- that would settle these allegations.

**DATES:** Comments must be received on or before September 22, 2014.

**ADDRESSES:** Interested parties may file a comment at

<https://ftcpublic.commentworks.com/ftc/narpmconsent> online or on paper, by following the instructions in the Request for Comment part of the **SUPPLEMENTARY INFORMATION** section below. Write "National Association of Residential Property Managers, Inc. - Consent Agreement; File No. 141 0031" on your comment and file your comment online at <https://ftcpublic.commentworks.com/ftc/narpmconsent> by following the instructions on the web-based form. If you prefer to file your comment on paper, mail your comment to the following address: Federal Trade Commission, Office of the Secretary, 600 Pennsylvania Avenue, NW, Suite CC-5610 (Annex D), Washington, DC 20580, or deliver your comment to the following address: Federal Trade Commission, Office of the Secretary, Constitution Center, 400 7th Street, SW, 5th Floor, Suite 5610 (Annex D), Washington, DC 20024.

**FOR FURTHER INFORMATION CONTACT:** Armando Irizarry, Bureau of Competition, (202-326-2964), 600 Pennsylvania Avenue, NW, Washington, DC 20580.

**SUPPLEMENTARY INFORMATION:** Pursuant to Section 6(f) of the Federal Trade Commission Act, 15 U.S.C. 46(f), and FTC Rule 2.34, 16 CFR 2.34, notice is hereby given that the above-captioned consent agreement containing consent order to cease and desist, having been filed with and accepted, subject to final approval, by the Commission, has been placed on the public record for a period of thirty (30) days. The following Analysis to Aid Public Comment describes the terms of the consent agreement, and the allegations in the complaint. An electronic copy of the full text of the consent agreement package can be obtained from the FTC Home Page (for August 22, 2014), on the World Wide Web, at <http://www.ftc.gov/os/actions.shtm>.

You can file a comment online or on paper. For the Commission to consider your comment, we must receive it on or before September 22, 2014. Write “National Association of Residential Property Managers, Inc. - Consent Agreement; File No. 141 0031” on your comment. Your comment - including your name and your state - will be placed on the public record of this proceeding, including, to the extent practicable, on the public Commission Website, at <http://www.ftc.gov/os/publiccomments.shtm>. As a matter of discretion, the Commission tries to remove individuals’ home contact information from comments before placing them on the Commission Website.

Because your comment will be made public, you are solely responsible for making sure that your comment does not include any sensitive personal information, like anyone’s Social Security number, date of birth, driver’s license number or other state identification number or foreign country equivalent, passport number, financial account number, or credit or debit card number. You are also solely responsible for making sure that your comment does not include any sensitive health information, like medical records or other individually identifiable health

information. In addition, do not include any “[t]rade secret or any commercial or financial information which . . . is privileged or confidential,” as discussed in Section 6(f) of the FTC Act, 15 U.S.C. 46(f), and FTC Rule 4.10(a)(2), 16 CFR 4.10(a)(2). In particular, do not include competitively sensitive information such as costs, sales statistics, inventories, formulas, patterns, devices, manufacturing processes, or customer names.

If you want the Commission to give your comment confidential treatment, you must file it in paper form, with a request for confidential treatment, and you have to follow the procedure explained in FTC Rule 4.9(c), 16 CFR 4.9(c).<sup>1</sup> Your comment will be kept confidential only if the FTC General Counsel, in his or her sole discretion, grants your request in accordance with the law and the public interest.

Postal mail addressed to the Commission is subject to delay due to heightened security screening. As a result, we encourage you to submit your comments online. To make sure that the Commission considers your online comment, you must file it at <https://ftcpublic.commentworks.com/ftc/narpmconsent> by following the instructions on the web-based form. If this Notice appears at <http://www.regulations.gov/#!home>, you also may file a comment through that website.

If you file your comment on paper, write “National Association of Residential Property Managers, Inc. - Consent Agreement; File No. 141 0031” on your comment and on the envelope, and mail your comment to the following address: Federal Trade Commission, Office of the Secretary, 600 Pennsylvania Avenue, NW, Suite CC-5610 (Annex D), Washington, DC 20580, or deliver your comment to the following address: Federal Trade Commission, Office of the Secretary, Constitution Center, 400 7th Street, SW, 5th Floor, Suite 5610 (Annex D),

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<sup>1</sup> In particular, the written request for confidential treatment that accompanies the comment must include the factual and legal basis for the request, and must identify the specific portions of the comment to be withheld from the public record. *See* FTC Rule 4.9(c), 16 CFR 4.9(c).

Washington, DC 20024. If possible, submit your paper comment to the Commission by courier or overnight service.

Visit the Commission Website at <http://www.ftc.gov> to read this Notice and the news release describing it. The FTC Act and other laws that the Commission administers permit the collection of public comments to consider and use in this proceeding as appropriate. The Commission will consider all timely and responsive public comments that it receives on or before September 22, 2014. You can find more information, including routine uses permitted by the Privacy Act, in the Commission's privacy policy, at <http://www.ftc.gov/ftc/privacy.htm>.

### **Analysis of Agreement Containing Consent Order to Aid Public Comment**

The Federal Trade Commission ("Commission") has accepted, subject to final approval, an Agreement Containing Consent Order ("Consent Agreement") from the National Association of Residential Property Managers, Inc. (hereinafter "NARPM"). The Commission's complaint ("Complaint") alleges that NARPM, acting as a combination of its members and in agreement with at least some of its members, restrained competition among its members and others in violation of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. 45. NARPM restrained competition by adopting and maintaining provisions in its Code of Ethics that restrain its members from (1) soliciting the customers of competing property managers, and (2) making statements about competing property managers that are neither false nor deceptive.

Under the terms of the proposed Consent Agreement, NARPM is required to cease and desist from restricting its members from soliciting customers or from making statements about competitors' products, services, or business or commercial practices that are not false or deceptive.

The Commission anticipates that the competitive issues described in the Complaint will

be resolved by accepting the proposed order, subject to final approval, contained in the Consent Agreement. The proposed Consent Agreement has been placed on the public record for 30 days for receipt of comments from interested members of the public. Comments received during this period will become part of the public record. After 30 days, the Commission will review the Consent Agreement again and the comments received, and will decide whether it should withdraw from the Consent Agreement or make final the accompanying Decision and Order (“the Proposed Order”).

The purpose of this Analysis to Aid Public Comment is to invite and facilitate public comment. It is not intended to constitute an official interpretation of the proposed Consent Agreement and the accompanying Proposed Order or in any way to modify their terms.

The Consent Agreement is for settlement purposes only and does not constitute an admission by NARPM that the law has been violated as alleged in the Complaint or that the facts alleged in the Complaint, other than jurisdictional facts, are true.

## **I. The Complaint**

The Complaint makes the following allegations.

### **A. The Respondent**

NARPM is a non-profit professional corporation of real estate agents, brokers, managers and their employees, with over 4,000 members. NARPM’s members are in the business of managing single-family and multi-family residential properties, condominiums, townhouses, and short-term rentals. Some members also manage commercial and industrial properties and homeowners associations.

## **B. The Anticompetitive Conduct**

NARPM maintains a Code of Ethics applicable to the commercial activities of its members. NARPM's members agree to abide by the Code of Ethics as a condition of membership. NARPM maintains the following provisions in its Code of Ethics:

- “The Property Manager shall not knowingly solicit competitor's clients.”
- “NARPM Professional Members shall refrain from criticizing other property managers or their business practices.”

NARPM also established a process for receiving complaints about and resolving alleged violations of the Code of Ethics. NARPM may sanction members found to violate the Code of Ethics. Sanctions may include a letter of reprimand, probation or suspension for a specified term, or expulsion from NARPM.

The Complaint alleges that NARPM has violated Section 5 of the Federal Trade Commission Act by adopting and maintaining provisions in its Code of Ethics that restrain its members from (1) soliciting the customers of competing property managers, and (2) making statements that are not false or deceptive about competing property managers. The Complaint alleges that the purpose, effects, tendency, or capacity of the combination, agreement, acts and practices of NARPM has been and is to restrain competition unreasonably and to injure consumers by discouraging and restricting competition among property managers, and by depriving consumers and others of the benefits of free and open competition among property managers.

## **II. The Proposed Order**

The Proposed Order has the following substantive provisions. Paragraph II requires NARPM to cease and desist from restraining its members from soliciting property management work, or from making statements about competitors' products, services, or business or

commercial practices that are not false or deceptive. The Proposed Order does not prohibit NARPM from adopting and enforcing reasonable restraints with respect to representations that NARPM reasonably believes would be false or deceptive within the meaning of Section 5 of the Federal Trade Commission Act.

Paragraph III of the Proposed Order requires NARPM to remove from its website and organization documents any statement that does not comply with the Proposed Order, and to publish on the website any revision to the organization documents. NARPM must publish an announcement that it has changed its Code of Ethics, and a statement describing the Consent Agreement (“the Settlement Statement”). NARPM must publish the aforementioned documents in NARPM’s news magazine. NARPM must distribute the Settlement Statement to NARPM’s board of directors, officers, employees, and members. NARPM must publish in all ethics courses designed or offered by NARPM that discuss the provisions at issue a statement that restrictions on solicitation or advertising no longer apply. Paragraph III also requires NARPM to provide all new members and all members who receive a membership renewal notice with a copy of the Settlement Statement.

Paragraph IV of the Proposed Order requires NARPM to design, maintain, and operate an antitrust compliance program. NARPM will have to appoint an Antitrust Compliance Officer for the duration of the Proposed Order. For a period of five years, NARPM will have to provide in-person annual training to its board of directors, officers, and employees, and conduct a presentation at its annual convention, regional conferences, and each code of ethics training session, that summarizes NARPM’s obligations under the Proposed Order and provides context-appropriate guidance on compliance with the antitrust laws. NARPM must also implement policies and procedures to enable persons to ask questions about, and report violations of, the Proposed Order and the antitrust laws confidentially and without fear of retaliation, and to

discipline its board of directors, officers, employees, members, and agents for failure to comply with the Proposed Order.

Paragraphs V-VII of the Proposed Order impose certain standard reporting and compliance requirements on NARPM.

The Proposed Order will expire in 20 years.

By direction of the Commission.

Janice Podoll Frankle,  
Acting Secretary.

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